

MINUTES

Policemen's Pension and Relief Fund

Thursday, April 19, 2012

The Board of Trustees of the Police Pension and Relief Fund of the City of Little Rock, Arkansas met at 9:00 am in the Sister Cities Conference Room at City Hall located at 500 West Markham.

Agenda Item #1. Call to Order/Roll Call

The Chairman called the meeting to order at approximately 9:00 a.m. and certified that a quorum of the Board was present. The Roll Call was as follows:

PRESENT: Bruce Moore, Chairman; Sara Lenehan, Treasurer; Lee Harrod, Secretary; Farris Hensley, Member; Steve Young, Member; Don Wood, Member.

ABSENT: Rusty Watson, Member.

Also present were Mr. Larry Middleton, Mr. Alex Jordan, and Mr. Bo Brister of Stephens Capital Management, Financial Consultants for the Fund; Mr. Tom Carpenter, Little Rock City Attorney; Ms. Debbie Pharr and Ms. Kathy Lindsey, of the Pension Fund Administrative Staff, and Mr. Kevin Tindle and Mr. James Arnold, members of the Pension Fund.

Agenda Item #2. Notification of News Media.

The Chairman noted that the media had been properly notified in a letter to the Arkansas Democrat Gazette dated April 5, 2012.

Agenda Item #3. Report from Board Financial Consultant

Mr. Bo Brister gave the March 2012 financial report and stated that on March 31, 2012, the market value of the total Fund was \$43,313,839. This represents an increase in the account balance of \$163,527 since February 29, 2012. The component of this change was income of \$201,539.82. There were net contribution/withdrawals of (\$1,103,346.24). Of the Market Fund balance, approximately \$22,895,082.88 was allocated to DROP. The over-all rate of return for the Fund during the month of March was 1.08%, and 5.84% year to date. The average over-all effective rate of return from (1986-2011) was approximately 7.30%. The First Security Bank checking account balance was \$825,865.22.

Agenda Item #4. Approval of Amended February Minutes & March Minutes [Out of Agenda Order]

At the March meeting the amendment for the February minutes had been approved, however, the Board had failed to formally approve the amended minutes. At the current meeting, Mr. Hensley made a motion to approve the amended February minutes and Ms. Lenehan seconded that motion. Mr. Young made a statement to the Board, "that he believed any Board member had the right to have himself quoted in the minutes". After discussion, a vote was then taken to

48 approve the amended February minutes, and the motion passed by a unanimous vote of the
49 Board.

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51 When discussing the March minutes, Mr. Young questioned why Mr. Woods was shown absent
52 in the March minutes. Mr. Harrod explained that when the roll call was taken Mr. Woods was
53 absent. Mr. Harrod also stated that he later included in the minutes when Mr. Woods arrived at
54 10:45 a.m. Mr. Hensley said that he had seen minutes prepared two different fashions. First,
55 was to indicate when a member was absence, and then at the appropriate time during the
56 minutes indicate when they arrived. Second, was to indicate they were present with the
57 appropriate arrival time then indicated beside their name. Ms. Lenehan and Mr. Moore
58 suggested that Mr. Woods be shown present in the minutes with his arrival time next to his
59 name. Ms. Lenehan then made a motion to amend the March minutes to reflect the change. It
60 was then seconded by Mr. Harrod and approved by a unanimous vote of the Board.

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62 Mr. Hensley then made a motion to approve the amended March minutes. The motion was
63 seconded by Ms. Lenehan and was approved by a unanimous vote of the Board.
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65 **Agenda Item #5. Report from City Attorney Tom Carpenter**
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- 67 A. Resolution to hire City Attorney as General Counsel – Mr. Carpenter asked that this item be
68 tabled until next month due to the resolution not being finalized at this time.
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70 B. Resolution for Widows to Remarry – Mr. Carpenter said that he had been working on the
71 resolution, but asked that it passed until the May meeting to finalize the work.
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73 C. This item was not on the Agenda, but the Board agreed it needed to be addressed – Ms. Lindsey
74 notified the Board that she had been contacted by a member's daughter who informed her that
75 her Father was very ill and in the hospital. The daughter had asked Ms. Lindsey if the death
76 benefit could be made payable to her. Because it has been past practice for the death benefit to
77 be paid to a surviving spouse or an estate, Ms. Lindsey asked if it could be made payable to the
78 daughter. Mr. Carpenter recommended that the Board adopt a formal policy concerning death
79 benefits and that the matter be placed on the May meeting agenda for review. He
80 recommended however, that the Board immediately act on this particular issue for the member
81 in question.
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83 Mr. Hensley made a motion that was seconded by Mr. Woods, to allow a member to designate
84 who would be paid their death benefit until such time the Board could adopt a formal policy.
85 During discussion Ms. Lenehan explained that she was concerned that if a member were unable
86 to designate a beneficiary and multiple siblings were involved, the Board might need to obtain
87 a waiver in order to determine who the beneficiary would be. Mr. Carpenter explained that in
88 this situation, the Board should require a waiver from the siblings, or a specific power of
89 attorney.
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91 Mr. Hensley amended his motion to include the recommendation made by Mr. Carpenter. Mr.
92 Woods seconded the amended motion and it passed by a unanimous vote of the Board.

Mr. Moore expressed a concern regarding the additional work-load that would be placed on Mr. Carpenter to provide adequate legal services for the Pension Board, and asked to meet with Mr. Carpenter and Director Adcock the following week to discuss the matter.

Agenda Item #6. Report of Board Lobbyist

Mr. Hensley informed the Board that Mr. Smith had contacted him and explained that he would be unable to attend the meeting due to a scheduling conflict. Mr. Hensley also explained that Mr. Watson had recently undergone surgery and was also unable to attend.

Agenda Item #7. Report of Funding Committee

Mr. Harrod asked to table the discussion of the LOPFI Merger and the report on Court fines, fees until the May meeting when Ms. Adcock would be present.

Agenda Item #8. Report from Board Chairman

Mr. Moore stated he had nothing new to report at this time.

Agenda Item #9. Report from Board Secretary

Mr. Harrod stated he had nothing new to report at this time

Agenda Item #10. Report from Board Treasurer

A. Financial Report for February & March –

February: The Treasurer submitted copies of the un-audited financial report for the month of February 2012. Net Income/Loss to the plan year-to-date was (\$19,616). The report indicated that as of February 29, 2012, the total account Fund balance including the DROP was \$44,381,227. The net income/(loss) for the month of February was (\$493,404).

Copies of the February 2012 expense and legal fee reports were also submitted. Total expenditures, excluding benefit related expenses, were \$3,771.43 for the month and \$7,998.67 year-to-date. Legal fees paid were \$180.00 year-to-date.

March: The Treasurer submitted copies of the un-audited financial report for the month of March, 2012. Net Income/Loss to the plan year-to-date was (238,221). The report indicated that as of March 31, 2012, the total account Fund balance including the DROP was \$44,162,621. The net income/(loss) for the month of March was (\$218,605).

Also submitted were copies of the March 2012 expense and legal fee reports. Total expenditures, excluding benefit related expenses, were \$2,024.63 for the month and \$10,023.30 year-to-date. Legal fees paid were \$270.00 year-to-date.

Mr. Harrod made a motion to approve the February and March financial reports, expense and legal fee reports. The motion was seconded by Mr. Hensley and passed by a unanimous vote of the Board.

Report on change of membership status – there was no change to report.

Discussion of A.C.A 24-11-411 – After a lengthy discussion, this item was referred to legal counsel and tabled until May.

This item was not on the agenda, but Ms. Lenehan felt this information needed to be included - The annual financial report was submitted to the PRB on 3/26. It took extensive research by the pension staff to ensure the accuracy of the base benefit level, which was required for the first time in 2011, for use in determining the premium tax benefit per Act 979 of the 2011 legislature. In order to qualify for an additional distribution, municipalities were required to contribute a minimum of 80% of the base benefit amount to the pension fund. The estimates provided by the actuary firm were originally too high. Per discussion with the PRB and the actuary firm, the base level benefit for each member is determined by the retirement date or the date the member entered DROP, whichever is earlier.

Agenda Item #11. Board Member Topics of Discussion

Mr. Hensley told the Board that some members of the Fund had expressed an interest in having a Police Pension Fund Website that was not controlled by a single member of the Fund. He explained that he had spoken with two separate individuals who create websites and asked them to look at the one that is owned by Mr. Young, and provide a price to establish such a similar site. He said that Ms. Melody Ralls who currently maintains the Arkansas Democrat-Gazette blog website provided the lowest bid of \$500.00 to design the site and \$100.00 monthly to maintain it. She had also provided an extensive list of various businesses that she currently provides website services for and explained that there would be an additional annual fee of approximately \$100.00 for hosting and the URL. When asked by Mr. Hensley, both Mr. Moore and Ms Lenehan agreed that the Board would not need to issue a request for bids to proceed with the matter.

During discussion, Ms. Lenehan asked if the website would be an official Police Pension Fund Site, if the Fund was paying for it. Mr. Hensley said that he believed it would be, and that was certainly his intention.

Mr. Young asked if the \$100 per month fee included videotaping the monthly meetings. Mr. Hensley said that it had not specifically been discussed, but could certainly be considered.

Mr. Moore suggested that the matter be tabled until the May meeting to obtain a specific proposal from Ms. Ralls, for a 1-year contract. Mr. Hensley told the Board that he would contact Ms. Ralls and seek a proposal and see if it would be possible to have her at the upcoming meeting to address the matter and answer any questions Board members might have.

Agenda Item #12. Fund Members Comments

There were no member comments.

Agenda Item #13. Other Business

Mr. Young complimented Mr. Arnold and Mr. Tindle on running for the Board and wished them both the best of luck.

Ms. Lindsey informed the Board that Mr. Young had shown an interest in purchasing the computers the Pension Fund had provided him. Mr. Young told the Board that he would like to purchase his lap top, but not the desk top, which is provided for the Secretary position on the Board.

Ms. Lenehan said that in the past, the Board has calculated a 3-year lifespan on computers and that if Mr. Young wished to purchase his computer, she would ask for Board approval of the purchase.

A motion was made by Mr. Hensley to allow Mr. Young to purchase the computer. It was seconded by Mr. Harrod, and passed by a unanimous vote of the Board.

Agenda Item #14. Adjourn Meeting

Upon conclusion of Board business, Ms. Lenehan made a motion seconded by Mr. Harrod to adjourn. The motion passed by a unanimous vote of the Board.

Respectfully Submitted,

Lee Harrod
Board Secretary